

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

***Cedar Springs Area Parks and Recreation Board  
Kent County, Michigan***

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

*Year ended June 30, 2005 and 2004*

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## INDEPENDENT AUDITORS' REPORT

Members of the Board  
Cedar Springs Area Parks and Recreation Board

We have audited the accompanying financial statements of the Cedar Springs Area Parks and Recreation Board as of and for the years ended June 30, 2005 and 2004, which collectively comprise the Board's basic financial statements as listed in the contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cedar Springs Area Parks and Recreation Board as of June 30, 2005 and 2004, and the changes in financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 5, the Cedar Springs Area Parks and Recreation Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The budgetary comparison schedules, listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Cedar Springs Area Parks and Recreation Board has not presented a management's discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Siegfried Crandall P.C.*

February 18, 2006

## **BASIC FINANCIAL STATEMENTS**

**Cedar Springs Area Parks and Recreation Board**

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**

June 30, 2005

	<b>Operating Fund</b>		
	<b>Modified accrual basis</b>	<b>Adjustments</b>	<b>Statement of net assets</b>
<b>ASSETS</b>			
Cash	\$ 6,013	\$ -	\$ 6,013
Capital assets, net	-	-	-
Total assets	<u>\$ 6,013</u>	<u>\$ -</u>	<u>6,013</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,350	\$ -	1,350
Accrued expenses	1,319	-	1,319
Deferred revenues	<u>4,878</u>	<u>-</u>	<u>4,878</u>
Total liabilities	<u>7,547</u>	<u>-</u>	<u>7,547</u>
<b>FUND BALANCE (DEFICIT) - unreserved, undesignated</b>	<u>(1,534)</u>	<u>1,534</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 6,013</u>		
<b>NET ASSETS</b>			
Invested in capital assets		-	-
Unrestricted (deficit)		<u>(1,534)</u>	<u>(1,534)</u>
Total net assets		<u>\$ (1,534)</u>	<u>\$ (1,534)</u>
<b>Total fund balance - modified-accrual basis</b>			<b>\$ (1,534)</b>
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			<u>-</u>
<b>Total net assets - full-accrual basis</b>			<b><u>\$ (1,534)</u></b>

See notes to financial statements

**Cedar Springs Area Parks and Recreation Board**

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**

June 30, 2004

	<b>Operating Fund</b>		
	<b>Modified accrual basis</b>	<b>Adjustments</b>	<b>Statement of net assets</b>
<b>ASSETS</b>			
Cash	\$ 5,335	\$ -	\$ 5,335
Capital assets, net	-	-	-
Total assets	<u>\$ 5,335</u>	<u>\$ -</u>	<u>5,335</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,700	\$ -	2,700
Accrued expenses	2,450	-	2,450
Deferred revenues	<u>1,860</u>	<u>-</u>	<u>1,860</u>
Total liabilities	<u>7,010</u>	<u>-</u>	<u>7,010</u>
<b>FUND BALANCE (DEFICIT) - unreserved, undesignated</b>	<u>(1,675)</u>	<u>1,675</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,335</u>		
<b>NET ASSETS</b>			
Invested in capital assets		-	-
Unrestricted (deficit)		<u>(1,675)</u>	<u>(1,675)</u>
Total net assets		<u>\$ (1,675)</u>	<u>\$ (1,675)</u>
<b>Total fund balance - modified-accrual basis</b>			<b>\$ (1,675)</b>
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			<u>-</u>
<b>Total net assets - full-accrual basis</b>			<b><u>\$ (1,675)</u></b>

See notes to financial statements

**Cedar Springs Area Parks and Recreation Board**

**STATEMENT OF ACTIVITIES**

*Year ended June 30, 2005*

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**EXPENSES**

Culture and recreation	\$ 43,111
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**PROGRAM REVENUES**

Contributions from local units	19,000
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Charges for services - recreation fees	23,726
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Other	<u>526</u>
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Total program revenues	<u>43,252</u>
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<b>CHANGE IN NET ASSETS</b>	141
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<b>NET ASSETS (DEFICIT) - BEGINNING</b>	<u>(1,675)</u>
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<b>NET ASSETS (DEFICIT) - ENDING</b>	<u><u>\$ (1,534)</u></u>
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*See notes to financial statements*



**Cedar Springs Area Parks and Recreation Board**

**STATEMENT OF ACTIVITIES**

*Year ended June 30, 2004*

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**EXPENSES**

Culture and recreation	<u>\$ 43,004</u>
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**PROGRAM REVENUES**

Contributions from local units	16,000
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Charges for services - recreation fees	22,524
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Other	<u>601</u>
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Total program revenues	<u>39,125</u>
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<b>CHANGE IN NET ASSETS</b>	(3,879)
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<b>NET ASSETS - BEGINNING</b>	<u>2,204</u>
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<b>NET ASSETS (DEFICIT) - ENDING</b>	<u><u>\$ (1,675)</u></u>
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*See notes to financial statements*

**Cedar Springs Area Parks and Recreation Board**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Cedar Springs Area Parks and Recreation Board (the Board) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Board. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Board has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Board's financial statements. Also, the Board is not a component unit of any other entity.

These financial statements include all the operations of the Board, a municipal joint venture. The Board was created in January 1986 as a public authority formed under Public Act 156 of the Public Acts of 1917. The six members of the authority include the City of Cedar Springs, Cedar Springs Public Schools, and the Townships of Algoma, Nelson, Solon, and Courtland. The Board was established for the purpose of planning and administering a system of public recreation, playgrounds, and parks or other recreational facilities for the citizens of its member municipal units. Costs of operations and capital expenditures are supported by contributions from the member units and fees from recreational programs.

*b) Measurement focus, basis of accounting, and financial statement presentation:*

The statement of net assets and the statement of activities are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

*c) Assets and liabilities:*

*i) Cash* - Cash is considered to be cash on hand and demand deposits.

*ii) Capital assets* - Capital assets, which includes office furniture and equipment are reported in the in the financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over their useful lives.

*iii) Deferred revenues* - The Board defers revenue recognition in connection with resources that have been *received*, but not yet earned.

**Cedar Springs Area Parks and Recreation Board**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - An annual budget is adopted on a basis consistent with generally accepted accounting principles. The budget document presents information by program. The legal level of budgetary control adopted by the governing body is the functional level.

*Budgeted deficit* - P.A. 621 of 1978, Section 15(2), as amended, provides that total estimated expenditures, including an accrued deficit in the budget, shall not exceed the total estimated revenues. The Board had a budgeted deficit for the year ended June 30, 2005, in the amount of \$4,255.

**NOTE 3 - CASH:**

Cash consists of deposits with financial institutions that are carried at cost and are maintained at a financial institution in the name of the Board. Michigan state statutes and the Board's investment policy authorize the Board to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Board's deposits are in accordance with statutory authority.

At June 30, 2005, the Board has deposits with a carrying amount of \$6,013 and a bank balance of \$3,816. The bank balance is covered by federal depository insurance.

**NOTE 4 - RISK MANAGEMENT:**

The Board is exposed to various risks of loss related to property loss and errors and omissions. The Board has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Office furniture	\$ 1,800	\$ -	\$ -	\$ 1,800
Office equipment	<u>5,095</u>	<u>-</u>	<u>-</u>	<u>5,095</u>
Subtotal	<u>6,895</u>	<u>-</u>	<u>-</u>	<u>6,895</u>
Less accumulated depreciation for:				
Office furniture	1,800	-	-	1,800
Office equipment	<u>5,095</u>	<u>-</u>	<u>-</u>	<u>5,095</u>
Subtotal	<u>6,895</u>	<u>-</u>	<u>-</u>	<u>6,895</u>
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Cedar Springs Area Parks and Recreation Board**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 6 - DEFERRED REVENUES:**

At June 30, 2005, the components of deferred revenues are as follows:

<u>Revenues</u>	<u>Unearned</u>
Charges for services - recreation fees	\$ 2,378
Contributions from local units	<u>2,500</u>
	<u>\$ 4,878</u>

**NOTE 7 - ACCUMULATED DEFICIT:**

At June 30, 2005, the Board has an accumulated deficit fund balance in the amount of \$1,534. The deficit is the result of revenues being inadequate to cover the costs of operations. The deficit will be eliminated through increased contributions from participating units in the subsequent year.

**NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective July 1, 2003, the Board implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Board has applied the provisions of this statement in the accompanying financial statements. This change in accounting and reporting did not necessitate a restatement of net assets.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Cedar Springs Area Parks and Recreation Board****BUDGETARY COMPARISON SCHEDULE**

Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Contributions from local units:				
City of Cedar Springs	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Cedar Springs Public Schools	2,000	2,000	2,000	-
Township of Algoma	4,000	4,000	4,000	-
Township of Nelson	4,000	4,000	4,000	-
Township of Solon	3,000	3,000	3,000	-
Total local unit contributions	19,000	19,000	19,000	-
Charges for services - recreation fees	26,305	22,554	23,726	1,172
Other	900	1,519	526	(993)
Total revenues	<u>46,205</u>	<u>43,073</u>	<u>43,252</u>	<u>179</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Program costs	14,255	12,748	12,100	648
Personnel costs	21,300	20,800	20,454	346
Professional fees	2,550	2,802	2,700	102
Rent	3,060	3,060	2,750	310
Occupancy	700	700	304	396
Insurance	1,200	1,200	1,178	22
Other	3,140	4,343	3,625	718
Total expenditures	<u>46,205</u>	<u>45,653</u>	<u>43,111</u>	<u>2,542</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(2,580)	141	2,721
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>(1,675)</u>	<u>(1,675)</u>	<u>(1,675)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (1,675)</u>	<u>\$ (4,255)</u>	<u>\$ (1,534)</u>	<u>\$ 2,721</u>

**Cedar Springs Area Parks and Recreation Board****BUDGETARY COMPARISON SCHEDULE**

Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Contributions from local units:				
City of Cedar Springs	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cedar Springs Public Schools	2,000	2,000	2,000	-
Township of Algoma	3,000	3,000	3,000	-
Township of Nelson	3,000	3,000	3,000	-
Township of Solon	3,000	3,000	3,000	-
Total local unit contributions	16,000	16,000	16,000	-
Charges for services - recreation fees	31,770	31,770	22,524	(9,246)
Other	900	900	601	(299)
Total revenues	48,670	48,670	39,125	(9,545)
<b>EXPENDITURES</b>				
Culture and recreation:				
Program costs	17,950	17,950	14,534	3,416
Personnel costs	21,300	21,300	20,510	790
Rent	3,000	3,000	3,250	(250)
Occupancy	1,300	1,300	236	1,064
Insurance	1,200	1,200	-	1,200
Other	4,385	4,385	4,474	(89)
Total expenditures	49,135	49,135	43,004	6,131
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(465)	(465)	(3,879)	(3,414)
<b>FUND BALANCE - BEGINNING</b>	2,204	2,204	2,204	-
<b>FUND BALANCE (DEFICIT) - ENDING</b>	\$ 1,739	\$ 1,739	\$ (1,675)	\$ (3,414)